

5 FAH-5 H-600 BENEFIT COST ANALYSIS (BCA)

5 FAH-5 H-610 USING THE BENEFIT COST ANALYSIS

*(CT:ITS-4; 06-21-2012)
(Office of Origin: IRM/BMP/GRP/GP)
(Updated only to revise Office of Origin)*

5 FAH-5 H-611 GENERAL

(TL:ITS-1; 02-13-2002)

- a. The current laws relating to managing information technology (IT) in the Federal Government require a Benefit Cost Analysis (BCA) prior to implementing an IT project.
- b. The requirement for BCA comes from OMB Circular A-130, to prepare and update, as necessary, throughout the information system life cycle, for each information system. This is consistent with the methodology described in OMB Circular No. A-94, "Guidelines and Discount Rates for Benefit Cost Analysis of Federal Programs."
- c. This chapter contains instructions for preparing a BCA for an IT project in the Department of State.

5 FAH-5 H-612 APPROVAL THRESHOLDS

(TL:ITS-1; 02-13-2002)

When an information technology initiative exceeds \$30M over the system life cycle, or exceeds \$10M in any one year a BCA is required. In the Department of State, a BCA is required for development and/or integration and/or maintenance projects that exceed \$100,000. Managers must tailor the BCA effort to the size of the project.

5 FAH-5 H-613 SIMPLIFIED BCA

(TL:ITS-1; 02-13-2002)

Use a simplified BCA when the projected cost is \$10M or less. This is a scaled down version of a BCA that focuses only on those elements that the project manager deems relevant. Projects with life cycle costs below \$10M may be justified using a simplified BCA.

5 FAH-5 H-614 THROUGH 5 FAH-5 H-619 UNASSIGNED

(TL:ITS-1; 02-13-2002)